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From:

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To:

Cc:

Subject: RE: Your Thoughts/Insight

If a partnership return was filed, and the small partnership exception to TEFRA would not apply because one of the several partners was a pass-thru entity (or the entity elected into the TEFRA procedures in accordance with Treas. Reg. 301.6231(a)(1)-1(b)) then the TEFRA procedures are mandatory to determine that no partnership existed. I.R.C. 6233(b); Frazell v. Commissioner, 88 T.C. 1405 (1987); RJT v. Commissioner (7th Circuit opinion issued last year); Andantech v. Commissioner (D.C. Circuit). See also Petaluma v. Commissioner (recent Tax Court opinion).